

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6841

BILL NUMBER: HB 1138

DATE PREPARED: Dec 26, 2001

BILL AMENDED:

SUBJECT: Local Government Fiscal Matters.

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill authorizes any municipality within the service area of a public or municipal water utility to adopt an ordinance to provide that the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes must be included in the basic rates of all customers of the utility. (Under current law, only the governing body of the governmental unit with the greatest number of customers of the utility may adopt such an ordinance.) The bill changes the date by which the appropriations and annual tax levy ordinance must be passed from the first Monday in September to September 20 for a third class city and September 30 for a second class city. The bill also updates population parameters to reflect changes in the 2000 decennial census.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: According to this bill, additional municipalities may experience reduced administrative costs associated with the billing of fire protection service charges to customers. The impact of this bill would be dependent on local action.

This bill also changes the date by which the appropriations and annual tax levy ordinance must be passed from the first Monday in September to September 20 for a third class city and September 30 for a second class city. Municipalities would experience minimal impact from this provision of the bill, as the change in dates coincide with the timing of local budget processes.

Explanation of Local Revenues: This bill provides that any municipality located within the service area of a public or municipal water utility may adopt an ordinance that allows for a new rate schedule to be made

for charging customers for public fire protection services. The new rate schedule would eliminate fire protection charges billed directly to those municipalities who choose to enact such an ordinance, except for construction costs for installing new fire hydrants. The schedule would be based on an amount equal to the revenues lost from the elimination of fire protection charges divided by the current number of meters (five-eighths inch).

Currently, only the governing body of the municipality with the greatest number of customers may adopt an ordinance providing that fire protection service costs be recovered through the basic rates of all the utility's customers.

This provision of this bill does not apply to public utilities or municipally owned water utilities providing services in a county containing a consolidated city and portions of counties that are adjacent to a county containing a consolidated city.

State Agencies Affected:

Local Agencies Affected: Municipalities.

Information Sources: